

**CHARTER OF THE NOMINATING AND GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS**

**OF
LUNA INNOVATIONS INCORPORATED**
(As Revised December 7, 2015)

PURPOSE:

The purpose of the Nominating and Governance Committee (the “**Committee**”) is to ensure that the Board of Directors (the “**Board**”) of Luna Innovations Incorporated (the “**Company**”) is properly constituted to meet its fiduciary obligations to stockholders and the Company and that the Company has and follows appropriate corporate governance standards. To carry out this purpose, the Committee shall:

- Assist the Board by identifying, evaluating and recommending prospective director nominees for the next annual meeting of stockholders;
- Develop and recommend to the Board the governance principles applicable to the Company;
- Oversee the evaluation of the Board; and
- Recommend nominees to the Board for each committee.

COMMITTEE MEMBERSHIP AND ORGANIZATION:

- The Committee shall be comprised of no fewer than two (2) members.
- The members of the Committee shall meet the independence requirements of the Nasdaq Stock Market, except as otherwise permitted by the rules of the Nasdaq Stock Market.
- The members of the Committee shall be appointed and replaced by the Board.
- Vacancies occurring on the Committee shall be filled by the Board. The Committee’s chairperson shall be appointed by the Board on the recommendation of the Nominating and Governance Committee.

COMMITTEE RESPONSIBILITIES AND AUTHORITY:

To implement the Committee’s purpose and policies, the Committee shall be charged with the following duties and responsibilities outlined below. The Committee may supplement and, except as otherwise required by applicable law or the requirements of the Nasdaq Stock Market, deviate from these activities as appropriate under the circumstances. The Committee will have the full power and authority to carry out the following primary responsibilities or to delegate such power and authority to one or more subcommittees of the Committee.

Corporate Governance Generally

- Develop principles of corporate governance and recommend them to the Board for its consideration and approval;
- Review annually the principles of corporate governance approved by the Board to ensure that they remain relevant and are being complied with;
- Periodically review this Charter and the Committee's processes and procedures, the Company's Certificate of Incorporation and Bylaws;
- Oversee and review the processes and procedures used by the Company to provide information to the Board and its committees;
- Periodically review with the Chief Executive Officer of the Company the plans for succession to the offices of the Company's Chief Executive Officer and other key executive officers and make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions;
- Recommend ways to enhance communication and relations with stockholders; and
- Oversee compliance by the Board and its committees with applicable laws and regulations, including the Nasdaq Stock Market Rules and regulations promulgated by the Securities and Exchange Commission.

Composition of the Board, Evaluation and Nominating Activities

- Review the composition and size of the Board and determine the criteria for membership on the Board, which may include, among other criteria, issues of character, judgment, independence, diversity, age, expertise, corporate experience, length of service and other commitments and the like;
- Conduct an annual evaluation of the Board as a whole and each Board committee as a whole, including evaluation of the Board's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, specific areas in which the Board and/or management believe contributions could be improved, and overall Board composition and makeup;
- Identify, consider and select, or recommend for the selection of the Board, candidates to fill new positions or vacancies on the Board, including consideration of any potential conflicts of interest as well as applicable independence and experience requirements, and review any candidates recommended by stockholders, provided such recommendations are submitted in writing to the Secretary of the Company and include, among other things, the recommended candidate's name, biographical data and qualifications, and such recommendations are otherwise made in compliance with the Company's bylaws and its stockholder nominations and recommendations policy;
- Evaluate the performance of individual members of the Board eligible for re-election, and select, or recommend for the selection of the Board, the director nominees by class for election to the Board by the stockholders at the annual meeting of stockholders;
- Review the disclosure included in the Company's proxy statement regarding the Company's policies and procedures for the Committee's consideration of candidates for the Board; and

Committees of the Board

- Periodically, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of Nasdaq, the rules and regulations of the Securities and Exchange Commission and applicable law, evaluate the performance of the members of the committees of the Board, review the composition of each committee of the Board and make recommendations to the Board for the creation of additional committees or the change in mandate or dissolution of committees; and
- Recommend to the Board annually the chairmanship and membership of the various committees.

Conflicts of Interest

- Periodically review and monitor the Company's Code of Business Conduct and Ethics (the "Code"), assess Company policy statements to determine their adherence to the Code, and consider any request by the Company's directors or executive officers for a waiver from the Code;
- Consider questions of possible conflicts of interest of members of the Board and of corporate officers; and
- Review actual and potential conflicts of interest of members of the Board and corporate officers, and clear any involvement of such persons in matters that may involve a conflict of interest.

The Committee shall have full access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. In performing its responsibilities, the Committee shall have the authority to hire and obtain advice, reports or opinions from internal or external counsel and expert advisors.

The approval of this Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein and the Committee will have the authority to undertake such other specific duties as the Board from time to time prescribes.

MEETINGS:

The Committee will meet at least three times each year and may establish its own schedule, which it will provide to the Board in advance. The presence in person or by telephone of a majority of the Committee's members shall constitute a quorum for any meeting of the Committee. All actions of the Committee will require (i) the vote of a majority of the members present at a meeting of the Committee at which a quorum is present or (ii) a unanimous written consent of the members of the Committee then serving.

MINUTES:

The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

REPORTS:

Consistent with the Committee's charter, the Committee shall report to the Board regarding its recommendations for director nominees for the next annual meeting of stockholders and regarding its examinations and recommendations with respect to corporate governance.

COMPENSATION:

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion. Such fees may include retainers and per meeting fees. Fees may be paid in such form of consideration as is determined by the Board.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.